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SENSITIVE
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TAGS: [PGOV](#) [ECON](#) [CL](#)
SUBJECT: CHILE'S PRESIDENTIAL RACE: PINERA AND FREI
CONSOLIDATE SUPPORT, INSULZA EQUIVOCATES

REF: SANTIAGO 1094

Classified By: EPOL Counsellor Juan Alsace for reason 1.4 (b).

Summary

¶1. (U) Business tycoon Sebastian Pinera emerged as the sole presidential candidate of Chile's center-right Alianza coalition after winning the endorsement of the conservative Democratic Union (UDI) party on December 12. Former Christian Democrat party leader Soledad Alvear movingly endorsed former president Eduardo Frei Ruiz-Tagle as the DC presidential candidate and called for party unity on December **¶13.** Socialist candidate and OAS Secretary General Jose Miguel Insulza continued to reach out to the smaller Concertacion parties--the Party for Democracy (PPD) and Radical Social Democrats (PRSD)--and said that he will resign from his position at the OAS if he receives the endorsement of, as a minimum prerequisite, the PPD. End Summary.

Conservative UDI Party Decides to Support RN's Pinera

¶2. (U) After a ten-hour closed door debate on December 12, the conservative Democratic Union party (UDI) agreed to unite with their Alianza coalition partner National Renewal (RN) in backing Sebastian Pinera, a business tycoon and 2000 presidential candidate currently leading in the polls. There had been some talk of having an Alianza primary election, just as the center-left Concertacion has planned for April, with Deputy Jose Antonio Kast and Senator Evelyn Matthei named as possible candidates. Nonetheless, an Alianza primary was considered by many observers to be unlikely, and UDI's eventual unanimous decision to support Pinera came as little surprise to many. With UDI's support certain, Pinera plans to reach out this week to Chile Primero (Chile First), a small party that broke away from the progressive Party for Democracy (PPD) in 2007, while the UDI and RN presidents meet to discuss campaign strategy.

Christian Democrats Unite Behind Frei

¶3. (U) The Christian Democrats (DC) unanimously endorsed former president and current senator Eduardo Frei Ruiz-Tagle as their presidential candidate at their party conference on December 13. Soledad Alvear, former DC party leader, had hugs and words of praise for her former rival, asking party members to unite and "transform Eduardo Frei into the tip of an arrow that will carry us to reconquer the heart and the confidence of the Chilean people." Alvear's heartfelt calls

for party unity provoked tears in the emotional gathering, while the crowd enthusiastically responded to Frei's appearance by chanting and waving placards. Frei wasted no time in criticizing the conservative presidential candidate, Sebastian Pinera, saying that Chile needed "a president and not a manager" and chiding Pinera for not abandoning his business dealings as Frei himself had done upon entering politics. The DC candidate also set forth broad outlines of an economic plan, which includes investing 1% of GDP in infrastructure, supporting small and medium enterprises, increasing low-income housing construction, and calling on the Central Bank to lower interest rates.

¶4. (U) According to press reports, negotiations between the Frei and Alvear camps within the DC had been going on for some time. In return for her support for Frei's presidential bid, Alvear and her supporters will have substantial control over the direction of the party, including in this weekend's selection of Juan Carlos Latorre, an Alvear confidante, as DC party head. Latorre moved quickly to invite the "colorines", DC defectors who are now part of the Regional Independent Party (PRI), to return to the DC fold, saying that the "doors were open" and highlighting the placement of a former colorin on DC's executive board. However, PRI leader Jaime Mulet said that he and his colleagues were unlikely to return to their former party.

Insulza Continues to Dither

¶5. (C) OAS Secretary General Jose Miguel Insulza spent the weekend continuing to seek out the support of the Party for

Democracy (PPD) and Radical Social Democrats (PRSD) and avoiding firm pronouncements on his status as a candidate and his future at the OAS. He told an interviewer that if the PRSD and PPD select him as their candidate in their party conventions in mid to late January, he will then resign from his OAS post. (Note: Insulza advisor Enrique Correa told the Ambassador December 15 that Insulza will not finalize his decision - or submit his resignation from the OAS - before January 26. A more complete readout of that meeting follows septel. End Note.) He dodged the question of whether or not he would continue as a presidential candidate if he had only the backing of his own Socialist party, saying only that it would be a mistake for the secular Concertacion parties (PPD, PRSD, and PS) to fail to unite behind a single candidate. Insulza also tried out what is likely to be one of his central campaign themes: painting the conservative Alianza coalition as too wedded to neoliberal economic theories, and expressing support for public education, labor rights, and an active role for the state.

¶6. (U) Insulza also sought out his friend and former boss, Eduardo Frei, at his home this weekend to discuss ground rules for their electoral competition. The two agreed to "fair play" during the primary campaign, and so far have only criticized each other obliquely. Frei pointed out that he has been elected to office before and hasn't vacillated the way Insulza has. (Note: Insulza served as Foreign Minister and Minister of the Presidency under Frei, and then served as Interior Minister under Frei's successor Lagos, but has not held elected office. End Note.) Insulza rejected claims that he could not appeal to the center as well as Frei and claimed--contrary to some conventional wisdom--that he was actually the most electable because polls show that he has the lowest/lowest number of voters who say they would "never" vote for him.

Comment

¶7. (SBU) Perhaps the only surprise in this weekend's political developments was the apparent warmth of Alvear's endorsement of Frei. Alvear's hopes for a presidential bid died after DC's disastrous showing in the October municipal elections, so Frei was the only viable DC choice. Insulza remains unwilling to take the political risk of stepping down

from his OAS post without the firm backing of the PPD, and it is not yet playing their hands. (The small PRSD's support or not is not a deal breaker for him.) Meanwhile, his claim that he is electable because fewer voters would never vote for him is faint praise indeed. UDI's endorsement of Pinera only solidifies the popular perception that Alianza is united and organized, while Concertacion remains riven with divisions both between and within parties. End Comment.

SIMONS